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U.S. Congress. House.

Naval stores

Washington

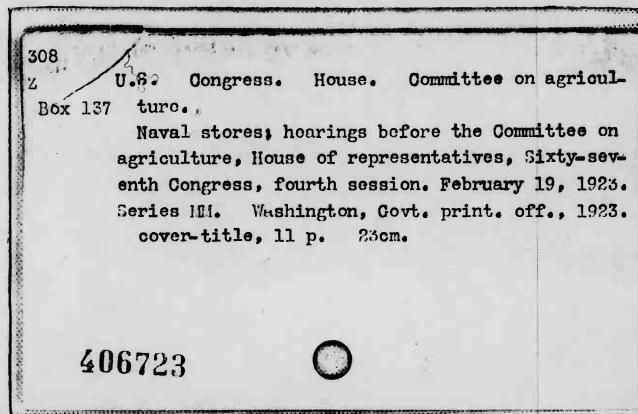
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NAVAL STORES

HEARINGS

BEFORE

THE COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

SIXTY-SEVENTH CONGRESS
FOURTH SESSION

FEBRUARY 19, 1923

Series MM



WASHINGTON
GOVERNMENT PRINTING OFFICE
1923

NAVAL STORES.

64 P. 2021923
COMMITTEE ON AGRICULTURE,
HOUSE OF REPRESENTATIVES,

Washington, D. C., Monday, February 19, 1923.

The committee this day met at 10 o'clock a. m., Hon. Gilbert N. Haugen (chairman) presiding.

Mr. ASWELL. The hearing arranged for this morning is on H. R. 14326, "Establishing standard grades of naval stores, preventing deception in transactions in naval stores, regulating traffic therein, and for other purposes."

I merely wish to make a brief statement, that this bill primarily is to prevent the adulteration of spirits of turpentine and rosin, as thrown on the market annually; a minimum 100,000 barrels adulterated with kerosene oil was sold on the market, and this bill has for its purpose the prevention of adulteration of turpentine and rosin, to protect producers and consumers, dealers, and all persons connected with turpentine and rosin. I have asked Doctor Veitch, of the Bureau of Chemistry, to be heard this morning.

The CHAIRMAN. It authorizes the standardization of turpentine, does it?

Mr. ASWELL. Yes.

[H. R. 14326, Sixty-seventh Congress, Fourth Session.]

A BILL Establishing standard grades of naval stores, preventing deception in transactions in naval stores, regulating traffic therein, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for convenience of reference, this act may be designated and cited as "The Naval Stores Act."

Sec. 2. That, when used in this act—

(a) "Naval stores" means spirits of turpentine and rosin.

(b) "Spirits of turpentine" includes gum spirits of turpentine and wood turpentine.

(c) "Gum spirits of turpentine" means spirits of turpentine made from gum (oleo-

resin) from a living tree.

(d) "Wood turpentine" includes steam distilled wood turpentine and destructively

distilled turpentine.

(e) "Steam distilled wood turpentine" means wood turpentine distilled with steam

from the oleoresin within or extracted from the wood.

(f) "Destructively distilled wood turpentine" means wood turpentine obtained

in the destructive distillation of the wood.

(g) "Rosin" includes gum rosin and wood rosin.

(h) "Gum rosin" means rosin remaining after the distillation of gum spirits of

turpentine.

(i) "Wood rosin" means rosin remaining after the distillation of steam distilled

wood turpentine.

(j) "Package" means any container of naval stores and includes barrel, tank, or

other receptacle.

(k) "Person" includes partnerships, associations, and corporations, as well as

individuals.

Sec. 3. That for the purposes of this act the kinds of spirits of turpentine defined in subdivisions (c), (e), and (f) of section 2 hereof and the rosin types heretofore prepared and recommended under existing laws, by or under authority of the Secretary of Agriculture, are hereby made the standards for naval stores until otherwise prescribed as hereinafter provided. The Secretary of Agriculture is authorized to establish and promulgate standards for naval stores for which no standards are herein provided, after at least three months' notice of the proposed standard shall have been given to the trade, so far as practicable, and due hearings or reasonable opportunities

to be heard shall have been afforded those favoring or opposing the same. No such standard shall become effective until after three months from the date of the promulgation thereof. Any standard made by this act or established and promulgated by the Secretary of Agriculture in accordance therewith may be modified by said Secretary whenever, for reasons and causes deemed by him sufficient, the interests of the trade shall so require, after at least six months' notice of the proposed modification shall have been given to the trade, so far as practicable, and due hearings or reasonable opportunities to be heard shall have been afforded those favoring or opposing the same; and no such modification so made shall become effective until after six months from the date when made.

The various grades of rosin, from highest to lowest, shall be designated, unless and until changed, as hereinbefore provided, by the following letters, respectively: X, WW, WG, N, M, K, I, H, G, F, E, D, and B, together with the designation "gum rosin" or "wood rosin," as the case may be.

The standards herein made and authorized to be made shall be known as the "Official Naval Stores Standards of the United States," and may be referred to by the abbreviated expression "United States Standards," and shall be the standards by which all naval stores in commerce shall be graded and described.

Sec. 4. That the Secretary of Agriculture shall provide, if practicable, any interested person with duplicates of the official naval stores standards of the United States upon request accompanied by tender of satisfactory security for the return thereof, under such regulations as he may prescribe. The Secretary of Agriculture shall examine, if practicable, upon request of any interested person, any naval stores and shall analyze, classify, or grade the same on tender of the cost thereof as required by him, under such regulations as he may prescribe. He shall furnish a certificate showing the analysis, classification, or grade of such naval stores, which certificate shall be prima facie evidence of the analysis, classification, or grade of such naval stores and of the contents of any package from which the same may have been taken, as well as of the correctness of such analysis, classification, or grade, and shall be admissible as such in any court.

Sec. 5. That the following acts are hereby declared injurious to commerce in naval stores and are hereby prohibited and made unlawful.

(a) The sale in commerce of any naval stores, or of anything offered as such, except under or by reference to United States standards.

(b) The sale of any naval stores under or by reference to United States standards which is other than what it is represented to be.

(c) The use in commerce of the word "turpentine" or the word "rosin," singly or with any other word or words, or of any compound, derivative, or imitation of either such word, or of any misleading word, or of any word, combination of words, letter or combination of letters, provided herein or by the Secretary of Agriculture to be used to designate naval stores of any kind or grade, in selling, offering for sale, advertising, or shipping anything other than naval stores of the United States standards.

(d) The use in commerce of any false, misleading, or deceitful means or practice in the sale of naval stores or of anything offered as such.

Sec. 6. That any person wilfully violating any provision of section 5 of this Act shall, on conviction, be punished for each offense by a fine not exceeding \$5,000 or by imprisonment for not exceeding one year, or both.

Sec. 7. That the Secretary of Agriculture is hereby authorized to purchase from time to time in open market samples of spirits of turpentine and of anything offered for sale as such for the purpose of analysis, classification, or grading and of detecting any violation of this Act. He shall report to the Department of Justice for appropriate action any violation of this Act coming to his knowledge. He is also authorized to publish from time to time results of any analysis, classification, or grading of spirits of turpentine and of anything offered for sale as such made by him under any provision of this Act.

Sec. 8. That there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for the administration and enforcement of this Act, and within the limits of such sums the Secretary of Agriculture is authorized to employ such persons and means and make such expenditures for printing, telegrams, telephones, books of reference, periodicals, furniture, stationery, office equipment, travel and supplies, and all other expenses as shall be necessary in the District of Columbia and elsewhere.

Sec. 9. That if any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

Sec. 10. That this Act shall become effective at the expiration of ninety days next after the date of its approval.

STATEMENT OF MR. F. P. VEITCH, CHEMIST IN CHARGE OF NAVAL STORES INVESTIGATION, BUREAU OF CHEMISTRY, DEPARTMENT OF AGRICULTURE.

Mr. VEITCH. Gentlemen, I do not know just what you want me to say. As I understand it, the purpose of this bill is to prevent the adulteration of turpentine, the selling of anything other than turpentine under the name that intimates that it is turpentine, and the prevention of the misgrading of rosin. Both of these things are very extensively done.

You will recall, doubtless, for the past five or six years the Bureau of Chemistry has had an appropriation to study the weighing, grading, handling, uses of turpentine and rosin, and to prepare standard types thereto.

Working under that appropriation, we have found that somewhere between 20 and 30 per cent of the turpentine samples that we have collected in this country are adulterated. The adulteration is more extensively the further the turpentine gets away from the producing section, although there is a good deal going on in the producing section. This adulteration is increasing. Indeed, I have bought samples under the name of turpentine that were not turpentine at all. There was no turpentine in these samples. We find this adulteration is to the extent of 2 to 3 per cent up to as much as 50 or 60 per cent.

They sell an article called second-run turpentine, which is not turpentine at all. I have some samples here and I would like for you to look at that. Here [indicating] is a sample bought just Saturday. I asked for turpentine in my order.

Mr. ASWELL. It is mineral oil?

Mr. VEITCH. It was not turpentine at all.

Mr. ASWELL. Does it smell like turpentine?

Mr. VEITCH. No; it does not.

The CHAIRMAN. Was it sold for turpentine?

Mr. VEITCH. Yes, sir. Here is a sample that is very slightly adulterated, only about 3 per cent. That is one gallon and a half per barrel.

Mr. JONES. This [indicating] seems to have some in it.

Mr. VEITCH. Very little. A gallon and a half in a barrel of turpentine, or a gallon, or a quart is a very profitable adulteration. There is a sample of the refined adulteration being very extensively practiced.

Mr. JONES. How much has that [indicating] in it?

Mr. VEITCH. Only 2 per cent.

Mr. ASWELL. About 1½ gallons to a barrel?

Mr. VEITCH. Yes, sir; about 1½ gallons to a barrel.

Mr. TINCER. Where did you buy this?

Mr. VEITCH. In Washington.

Mr. TINCER. In a drug store?

Mr. VEITCH. In a paint store.

Mr. TINCER. You called for turpentine and got this [indicating]?

Mr. VEITCH. Yes; I called for turpentine.

Mr. TINCER. That was bought at a paint store?

Mr. VEITCH. Yes, sir. Now I would like, if you would permit me, to say a word about the effect of this: This 2 per cent of mineral oil in turpentine just decreases the market for pure spirits of turpentine that much. It can be sold a little bit less, and they can make a big profit on the adulteration. This goes out, and we estimate that one-third of the turpentine used in this country passes over the counters of the little country stores, hardware and paint stores, of city and country towns, one-third passing over the counters in 1 to 10 gallon lots, into the hands of people who do not usually know turpentine, certainly do not know a mixture of turpentine and mineral oil, and they are defrauded just that much. Even if their paint was not damaged by reason of the mineral oil, they are paying turpentine prices for the mixture, turpentine and mineral oil.

Mr. SINCLAIR. What is the effect of mineral oil on the paint?

Mr. VEITCH. There is a big division of opinion on that question. It has never been settled, but financially it is quite a serious problem. I will say this, that the applying painters say that the best painters do not use a substitute for turpentine, but that it is used to do inferior work.

Mr. TINCER. If it is good for paint, let them sell it for what it is.

Mr. VEITCH. Yes. A lot of the manufacturers I happen to know have gone to the use of mineral spirits, instead of turpentine, or a mixture with turpentine. Few use it alone; they mix it. They use more turpentine and less mineral spirits.

Mr. TINCER. Nothing in this act prohibits them using mineral oil with turpentine if they call it that?

Mr. VEITCH. No; there is a tendency to recognize the great value of turpentine.
Mr. ASWELL. Mineral oil is not as expensive?
Mr. SINCLAIR. If a mixture is beneficial, there is nothing in the bill to prevent them buying them separately and mixing them.

Mr. VEITCH. No.

The CHAIRMAN. Give the difference in the cost of turpentine and the other substitutes.

Mr. VEITCH. On a large scale one will cost—mineral spirits cost you 15 to 25 cents a gallon and turpentine will cost you \$1.50 to \$2 a gallon. Right now you could not go uptown and buy it under \$2.

The CHAIRMAN. How about coal oil? You said they mix it with coal oil.

Mr. VEITCH. The coal oil will sell at from 15 to 25 cents a gallon, as against \$1.50 to \$2.

The CHAIRMAN. What are the other substitutes, so we will have it for the record?

Mr. VEITCH. They substitute mineral oil. There is some coal tar oil, but that is negligible.

Mr. ASWELL. Do they use kerosene?

Mr. VEITCH. Yes.

Mr. ASWELL. Do they charge turpentine prices for this adulteration?

Mr. VEITCH. Yes, sir; they do. They charged 15 cents for that sample [indicating]. We paid 10 cents for that sample [indicating], which is \$2.40 a gallon for turpentine, which we paid for mineral oil.

Here is an illustration of what they are selling under a name that closely resembles it [indicating]. This happens to be "Turmintine," and I want it distinctly understood that I do not think the people who make this stuff claim at all that it is turpentine, but you can readily understand when this gets out in the smaller places that they buy it thinking that it is turpentine.

Mr. ASWELL. How does it sell?

Mr. VEITCH. This is a mineral oil product which does not cost over 15 to 25 cents a gallon.

Mr. TINCHESTER. Who makes this?

Mr. VEITCH. That is made by the Waverly Oil Works.

Mr. SINCLAIR. Is it used for the same purpose as turpentine?

Mr. VEITCH. It is a paint thinner.

Mr. SINCLAIR. What part of a gallon would that bottle hold?

Mr. VEITCH. A little less than one half a pint.

The CHAIRMAN. You mean half pint to a gallon?

Mr. JONES. The bottle holds a half pint.

The CHAIRMAN. How much turpentine does the bottle contain?

Mr. VEITCH. There is none in this.

The CHAIRMAN. None at all?

Mr. VEITCH. No, sir; none at all.

Mr. TINCHESTER. Let me ask you this: Does this bill prevent the use of that word "turmintine"?

Mr. VEITCH. I think it will. It so closely resembles it that it is misleading.

Mr. TINCHESTER. Is it your idea that it is sold for medicinal purposes?

Mr. VEITCH. No, sir; I do not think it is.

The CHAIRMAN. You have the power under the pure food act to stop that.

Mr. VEITCH. That is sold to the people directly for what it is.

The CHAIRMAN. Do you believe that this turmintine could be sold under this bill?

Mr. VEITCH. I do not believe it would be permitted under the bill.

Mr. SINCLAIR. How will you prevent some one selling turmintine? Does it express it here in the bill? It says, "The use in commerce of any false"; will that cover it?

Mr. VEITCH. There is another one that will cover it better.

Mr. TINCHESTER. They could stop it now under the law, if it is used for human consumption.

Mr. SINCLAIR. Under section 5, Subdivision C—

Mr. VEITCH. That is it.

Mr. SINCLAIR. "The use in commerce of the word 'turpentine' or the word 'rosin' singly or with any other word or words, or of any compound derivative, or imitation of either such words"—would this word turmintine be an imitation of turpentine?

Mr. VEITCH. I think it would.

Mr. KINCHELOE. This bill undertakes to prohibit turmintine being put on the market?

Mr. VEITCH. Not only the use possibly of the word "turmintine."

Mr. KINCHELOE. Can you not do that under the pure food and drug act now?

Mr. VEITCH. No, sir.

Mr. KINCHELOE. What does this bill undertake to do?

Mr. VEITCH. This bill simply undertakes to prevent the adulteration of turpentine and the sale of anything other than turpentine using the name of turpentine, or, in other words, closely resembling turpentine, and prevent the misgrading of rosin.

Mr. KINCHELOE. I understand this is no part of turpentine, this oil.

Mr. VEITCH. No; this is not turpentine. None of it is. The purpose of the bill will show that.

Mr. KINCHELOE. It will have to go off the market or else change its name?

Mr. VEITCH. I am not certain that it will. That will be a question for the court.

Mr. KINCHELOE. That is your idea.

Mr. VEITCH. Yes; that it is a question for the court.

Mr. KINCHELOE. It is your opinion?

Mr. VEITCH. Yes.

Mr. TINCHESTER. Before you came in he called our attention to another bottle bought at a paint shop. He called for turpentine and paid for turpentine, and it has no turpentine in it.

Mr. KINCHELOE. Is not that against the law?

Mr. TINCHESTER. I do not think so.

Mr. SINCLAIR. It does not provide for that, the pure food and drug act.

Mr. VEITCH. It would be a fraud, unquestionably.

Mr. KINCHELOE. My point is whether it is covered under the law now.

Mr. VEITCH. Only the common law.

Mr. KINCHELOE. That would not be considered a drug?

Mr. VEITCH. No, and not sold that way. The courts have held; law offices have all held when it is sold for technical purposes, not for food or drug purposes, it does not come under the food and drug act. It must be sold for use as food or drug. All these things are without the food and drug act.

The CHAIRMAN. It had to be for the use as food or a drug.

Mr. VEITCH. Yes, sir; before it comes under the food and drug law.

The CHAIRMAN. Tell us how far you have gotten along with standardization.

Mr. VEITCH. We have not yet gotten it standardized; that is, we have not as yet standardized turpentine, but we have completed the standardization of rosin, and I have a set of standards here. Before we did this they used samples made of rosin like it was. The trouble about these is that they melt down and lose their shape. They will readily bleach. We have bleached them in 15 or 20 minutes. The result of this was that you had no standard, nothing that you could rely on, and so we finally got these up, and these are permanent, and have been approved by all commercial bodies, and are in general use in this country. All they need now is something to make them definitely legal.

The CHAIRMAN. How many grades have you?

Mr. VEITCH. There are 12.

The CHAIRMAN. There are 12 grades?

Mr. VEITCH. Yes, sir; 12.

The CHAIRMAN. How are they designated?

Mr. VEITCH. In conformity with the practice of the trade. X is the highest. W-W is the next high, W-G is the next, going down, N, M, K, I, H, G, F, E, and the lowest grade is B, which is black.

The CHAIRMAN. Had you not better start from the other end?

Mr. VEITCH. It moves backward, but that is the practice in effect, and it has been for 100 years, and we did not feel that we could change it.

The CHAIRMAN. It is understood by the trade?

Mr. VEITCH. Yes; it is understood by the trade, and we did not want to change it.

The CHAIRMAN. You have completed your work on the standardization of rosin?

Mr. VEITCH. Yes.

The CHAIRMAN. How close are you to completing your work on the turpentine?

Mr. VEITCH. I should say we will have it ready within the next two or three months. They are very nearly ready on the standardization.

The CHAIRMAN. That will be quite acceptable to the trade. The standards that you are working on will be acceptable to the trade?

Mr. VEITCH. We will not offer them for acceptance until they are acceptable.

Here is a sample of rosin. See how it has lost its shape. Now, gentlemen, just one other thing; I have told you about how extensive the adulteration of turpentine is. The misgrading of rosin is worse. In the last two years we examined 100 different lots of rosin, possibly all together representing somewhere around forty or fifty thousand barrels of rosin, and not more than 10 of those lots were correctly graded. The others were misgraded, some of them 100 per cent misgraded, and these are the conditions that exist in the trade. Twenty to thirty per cent of turpentine is adulterated, possibly 50 per cent of the rosin, or more than 50 per cent is misgraded.

Mr. KINCHELOE. Is turpentine not treated as a drug under the drug act?

Mr. VEITCH. If it is sold as a drug, it is.

Mr. KINCHELOE. I am talking about pure turpentine.

Mr. VEITCH. No, not turpentine, just as turpentine. If it is sold for medicinal purposes.

Mr. KINCHELOE. How would you ascertain that? Do you mean sold from a drug store?

Mr. VEITCH. Not necessarily.

Mr. KINCHELOE. How would the seller know it would be for medicinal purposes?

Mr. VEITCH. If you ask for turpentine for medicinal purposes, then that turpentine is within the law under the food and drug act.

Mr. KINCHELOE. If I would come in and ask for turpentine, and say it was for turpentine purposes, and they would give me oil, they would violate the drug act.

Mr. VEITCH. Absolutely.

Mr. TINCHESTER. But if you go into a paint shop and say, "I want 5 gallons of turpentine," they would hand you 5 gallons of this stuff [indicating].

Mr. VEITCH. Yes.

Mr. ASWELL. If you go in the drug store, it would be the same thing.

Mr. TINCHESTER. Most of them do in the smaller towns sell paints, and if they sold it as paint it would not come under the food and drug act, even if bought at the drug store. The courts ruled against that.

The CHAIRMAN. Can you give us the production of the two articles, the annual production?

Mr. VEITCH. The total production of it in this country, of turpentine in this country, for last year was a little less than five-hundred thousand 50-gallon barrels, 486,000 or 489,000 barrels.

The CHAIRMAN. How many gallons to a barrel?

Mr. VEITCH. Fifty gallons to a barrel. The production of rosin in 500-pound barrels was about 3,800,000. I will have to correct that.

The CHAIRMAN. You have a right to revise it.

Mr. THOMPSON. Where are these products produced mostly?

Mr. VEITCH. From North Carolina to Texas. Florida produces about—I have it right here.

Mr. CHAIRMAN. Suppose you insert that in the record.

Mr. ASWELL. Are the consumers as much interested in this as the producers?

Mr. VEITCH. They have gotten as much interested, and are unanimous and very inconsistent about redress for the condition.

The CHAIRMAN. It is used everywhere.

Mr. VEITCH. Entirely north and west, practically no turpentine and rosin, in a large way, is used south of the Ohio River. Everything is shipped north, and is used in making paints, varnishes, etc.

Mr. ASWELL. When you get away from the source of production, the more the adulteration.

Mr. VEITCH. Yes, the more the adulteration.

Mr. JONES. I notice subdivision D of section 5:

"The use in commerce of any false, misleading, or deceitful means or practice in the sale of naval stores or anything offered as such"—you expect to find that more specifically by means of regulation, or what do you expect to cover by that?

Mr. VEITCH. I want to say that I am not a lawyer. We would have to interpret what is the significance. We will have to have regulations under this act, and they are provided for in the act.

Mr. JONES. There seems to be a blanket provision following the others to cover anything left out.

Mr. VEITCH. Yes.

Mr. JONES. That is from a hurried reading of it?

Mr. VEITCH. If my memory serves me right, that is what the attorney says who drew the bill, that it was the idea of preventing things that were not specified.

Mr. CLARKE. What are naval stores?

Mr. VEITCH. This bill defines naval stores to be turpentine and rosin, and that has been the use of the term in this country for the last 100 years.

Mr. CLARKE. It has nothing to do with the Navy?

Mr. VEITCH. It used to in the old days. Naval stores were rosin, pitch, tar, linseed oil, rope.

Mr. KINCHELOE. Any store that sells this, notwithstanding the fact that they sell other articles, provision would be made.

Mr. ASWELL. This stuff itself is naval stores.

Mr. VEITCH. This material is a naval store.

Mr. CLARKE. It is the technical term for these products.

Mr. SINCLAIR. Naval stores is a trade term for those things used in calking old vessels.

Mr. VEITCH. Recently it has narrowed down to these materials.

The CHAIRMAN. Could you not just as well amend the food and drug act.

Mr. VEITCH. This has no relation at all. Here is the difficulty, as I see it, Mr.

Chairman: Not over 1 per cent of the turpentine is used as a drug. Practically no rosin is used as a drug.

The CHAIRMAN. But if you had the act applied to turpentine and rosin, by amending it, adding those two items to it, would it bring it under the same regulation as are required in the food and drug act?

Mr. VEITCH. That would be too strict for a good many purposes.

Mr. TINCHESTER. The food and drug act is based on the public health portion of the Constitution, and it has been held that we can only include in that act those things that are used as food and drugs. This intends to regulate turpentine and rosin commerce and comes under the commerce clause of the Constitution.

The CHAIRMAN. Could it not be treated the same as food and drug?

Mr. TINCHESTER. I do not believe we could.

Mr. VEITCH. I would like to add, if I may, that there is in the report of the Senate a letter from the Secretary of Agriculture explaining this, and I think another letter was sent to your committee from the Secretary of Agriculture. This phraseology and this particular type of bill is drawn along the lines of similar legislation that has passed in this committee in connection with food and drugs. It is along the same general lines approved by the Congress, and it is the exact phraseology that the industry itself suggests and would like to have. I want to make that final.

Mr. THOMPSON. Is this bill gone over by the authorities in the Department of Agriculture?

Mr. VEITCH. Yes, sir.

Mr. THOMPSON. Approved by the Secretary of Agriculture?

Mr. VEITCH. Yes, sir; and was submitted to the Budget Committee to learn if there was any objection.

Mr. THOMPSON. It seems to me that there is not much use of long hearings on this bill. The session is short, and if we are going to get it out, we ought to recommend its passage by the committee to-day, because these products are used, as this gentleman said, north, and the State of Ohio uses a great deal, and I think my delegation will be in favor of this bill. They have been trying to get similar legislation for nine years.

Mr. CLARKE. Along this line?

Mr. THOMPSON. Yes.

Mr. CLARKE. All the parties in interest, the big consumers, have been heard on the thing.

Mr. VEITCH. I never saw greater unanimity than has been in this industry.

Mr. THOMPSON. I have to go away, and I am interested in the reporting out of the bill, and I would like the motion that it be reported out to-day.

The CHAIRMAN. Mr. Thompson desires to be recorded in favor of the bill. Mr. Jones made the same request.

Mr. ASWELL. Could we not read it and dispose of it? I move that the clerk read it while Mr. Veitch is here.

The CHAIRMAN. After the Secretary's letter, I will have it incorporated. The Secretary's letter is as follows:

DEPARTMENT OF AGRICULTURE,
Washington.

HON. GILBERT N. HAUGEN,
Chairman Committee on Agriculture,
House of Representatives.

DEAR MR. HAUGEN: I have your letter of February 15 inclosing a copy of H. R. 14326, a bill establishing standard grades of naval stores, preventing deception in transactions in naval stores, regulating traffic therein, and for other purposes, upon which you have asked for a report from this department.

This bill is identical with a bill introduced into the Senate by Senator Harrison on February 5 (calendar day, February 10), 1923, S. 1076 (Calendar No. 1101, Rept. No. 1133). This amended bill was considered very thoroughly by the solicitor of this department in a two-day conference with a committee representing the naval stores conference committee and other gentlemen of the trade. Those present throughout the conference were Mr. J. C. Nash, president Columbia Naval Stores Co., Savannah, Ga., and chairman of the naval stores conference committee; Mr. W. H. Crawford, vice president of The Isaac Winkler & Bro. Co., Cincinnati, Ohio, and chairman of the coordinated naval stores committee of the National Paint, Oil,

and Varnish Association, National Association of Paint Manufacturers, National Paint Manufacturers' Association, and National Varnish Makers' Association; Mr. J. E. Lockwood, manager of the naval stores division, Hercules Powder Co., Wilmington, Del., and representative of the Wood Distillation Producers; Mr. C. F. Speh, secretary Turpentine and Rosin Producers Association, New Orleans, La.; Mr. W. W. Rhodes, dyestuffs department, E. I. du Pont De Nemours & Co., Wilmington, Del.; Mr. Robert M. Hitch, Savannah, Ga., attorney for naval stores conference committee.

Doctor Veitch, in charge of the laboratory in the Bureau of Chemistry, which handles investigations relating to naval stores, also sat throughout the conference. The proposed bill has the full endorsement of everyone who participated in the conference and is believed to be free from any constitutional objections.

It is believed that this bill would accomplish the purposes intended by its proponents and contains provisions which will be helpful in preventing abuses in the naval stores industry which should be corrected without delay.

I am calling your attention to a typographical error in the text of the bill, H. R. 14326, on page 6, line 5. The word "his" should read "this."

Sincerely yours,

HENRY C. WALLACE,
Secretary.

Mr. ASWELL. I move that you proceed to read the bill.

The CHAIRMAN. Without objection the letter is incorporated in the record. The clerk will read the bill.

(The clerk read the bill, as follows:

"*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.* That, for convenience of reference, this act may be designated as and cited as 'naval stores act.'

Mr. KINCHELOE. Is the original act the naval stores act?

Mr. VEITCH. Yes, sir.

The CLERK (reading):

"That when used in this act—

"(a) 'Naval stores' means spirits of turpentine and rosin.

"(b) 'Spirits of turpentine' includes gum spirits of turpentine and wood turpentine.

"(c) 'Gum spirits of turpentine' means spirits of turpentine made from gum (oleo-resin) from a living tree.

"(d) 'Wood turpentine' includes steam distilled wood turpentine and destructively distilled wood turpentine.

"(e) 'Steam distilled wood turpentine' means wood turpentine distilled with steam from the oleoresin within or extracted from the wood.

"(f) 'Destructively distilled wood turpentine' means wood turpentine obtained in the destructive distillation of the wood.

"(g) 'Rosin' includes gum rosin and wood rosin.

"(h) 'Gum rosin' means rosin remaining after the distillation of gum spirits of turpentine.

"(i) 'Wood rosin' means rosin remaining after the distillation of steam distilled wood turpentine.

"(j) 'Package' means any container or naval stores, and includes barrel, tank, tank car, or other receptacle.

"(k) 'Person' includes partnerships, associations, and corporations, as well as individuals.

"(l) The term 'commerce' means commerce between any State, Territory, or possession, or the District of Columbia, and any place outside thereof."

Mr. KINCHELOE. What does that mean, "any place outside thereof?"

Mr. VEITCH. Foreign commerce.

Mr. KINCHELOE. The term 'commerce' means commerce between any State, Territory, or possession, or the District of Columbia, and any place outside thereof.

Mr. TINCHESTER. That is copied exactly from the packer act, which was upheld by the Supreme Court.

The CLERK (reading):

"Or between points within the same State, Territory, or possession, or the District of Columbia, but through any place outside thereof, or within any Territory or possession or the District of Columbia.

"SEC. 3. That for the purposes of this act the kinds of spirits of turpentine defined in subdivisions (c), (e), and (f) of section 2 hereof and the rosin types heretofore prepared and recommended under existing laws, by or under authority of the Secretary of Agriculture, are hereby made the standards for naval stores until otherwise prescribed as hereinafter provided. The Secretary of Agriculture is authorized to estab-

lish and promulgate standards for naval stores for which no standards are herein provided, after at least three months' notice of the proposed standard shall have been given to the trade, so far as practicable, and due hearings or reasonable opportunities to be heard shall have been afforded those favoring or opposing the same. No such standard shall become effective until after three months from the date of the promulgation thereof. Any standard made by this Act or established and promulgated by the Secretary of Agriculture in accordance therewith may be modified by said Secretary whenever, for reasons and causes deemed by him sufficient, the interests of the trade shall so require, after at least six months' notice of the proposed modification shall have been given to the trade, so far as practicable, and due hearings or reasonable opportunities to be heard shall have been afforded those favoring or opposing the same; and no such modification so made shall become effective until after six months from the date when made."

Mr. KINCHELOE. I do not know anything about this bill. Would that section give the Secretary of Agriculture the right to promulgate rules and regulations that go beyond the specific terms of this law.

Mr. VEITCH. Not to my knowledge no, sir. I would say absolutely not. I think that is a principle of law that no bill can go beyond, no regulation can go beyond.

Mr. KINCHELOE. "The Secretary of Agriculture is authorized to establish and promulgate standards for naval stores for which no standard are herein provided."

Mr. TINCHESTER. The bill does not provide any standards.

Mr. KINCHELOE. It says some standards, "promulgate standards for naval stores for which no standards are herein provided."

Mr. VEITCH. In connection with that I will say there are two things coming on the market time after time, and one is to cover things like that that this authority is in here, and when commerce demands, or trade demands a standard, but it is a naval store. This act gives you authority to make the standard for it. That is the purpose of that phraseology.

Mr. KINCHELOE. Would this cover anything else except turpentine and rosin.

Mr. VEITCH. Nothing but turpentine and rosin.

The CHAIRMAN. It would not.

Mr. VEITCH. It would not cover anything but turpentine and rosin under the definition of naval stores.

The CHAIRMAN. What goes into the naval stores?

Mr. VEITCH. Turpentine and rosin.

The CHAIRMAN. Is that all?

Mr. VEITCH. Yes, sir.

Mr. KINCHELOE. Is there any other definition of turpentine under any other act?

Mr. VEITCH. No; no other act dealing with naval stores.

Mr. KINCHELOE. Is there any law on the books including naval stores.

Mr. VEITCH. No.

Mr. KINCHELOE. This would be an original act?

Mr. VEITCH. Yes, it is.

The CLERK (reading):

Page 4, line 3, "The various grades of rosin, from highest to lowest, shall be designated, unless and until changed, as hereinbefore provided, by the following letters, respectively: X, WW, WG, N, M, K, I, H, G, F, E, D, and B, together with the designation 'gum rosin' or 'wood rosin,' as the case may be."

Mr. KINCHELOE. What does that mean.

Mr. VEITCH. Wood rosin is rosin made by extracting from the dead stumps and resins wood. Gum rosin is made from the gum which exudes from living trees. It is collected, the turpentine distilled off, and the rosin is the residue.

Mr. KINCHELOE. And they differentiate by these letters?

Mr. VEITCH. The grade is designated by those letters. The kind is designated by the phrase "gum rosin," in one case, and "wood rosin," in the other.

Mr. TINCHESTER. Both are defined on page 2?

Mr. VEITCH. Yes.

Mr. ASWELL. I would like to add that in the country in the South, in cut-over lands, millions of acres, there are these stumps, and they are now being drawn, and the rosin extracted. It is a great industry in all the South.

Mr. VEITCH. The farmers clear up the land.

The CHAIRMAN. Go ahead with the reading.

The CLERK (reading): Page 4, line 9, "The standards herein made and authorized to be made shall be known as the 'Official naval stores standards of the United States,' and may be referred to by the abbreviated expression 'United States standards,' and shall be the standards by which all naval stores in commerce shall be graded and described.

"SEC. 4. That the Secretary of Agriculture shall provide, if practicable, any interested person with duplicates of the official naval stores standards of the United States upon request accompanied by tender of satisfactory security for the return thereof, under such regulations as he may prescribe. The Secretary of Agriculture shall examine, if practicable, upon request of any interested person, any naval stores and shall analyze, classify, or grade the same on tender of the cost thereof as required by him, under such regulations as he may prescribe. He shall furnish a certificate showing the analysis, classification, or grade of such naval stores, which certificate shall be prima facie evidence of the analysis, classification, or grade of such naval stores and of the contents of any package from which the same may have been taken, as well as of the correctness of such analysis, classification, or grade and shall be admissible as such in any court."

Mr. KINCHELOE. You are speaking of turpentine. Is that a useful product on the market? What is it used for? What is it intended to be used for?

Mr. VETCH. All those mineral oil substitutes for turpentine are useful articles.

Mr. KINCHELOE. The reason I ask you this question is that I understood you to say a while ago that if this becomes a law, in your judgment, they would have to change the name of this?

Mr. VETCH. Yes, sir.

Mr. KINCHELOE. I was wondering if that would destroy its usefulness on the market?

Mr. VETCH. Absolutely not.

Mr. SINCLAIR. They would sell it for what it is.

Mr. TINCHEL. If I were building a house, I would want to know whether I was getting mineral oil or turpentine.

Mr. VETCH. There are large volume of substitutes sold by the ultimate dealer, the small dealer, sold when a man asks for turpentine. He will sell you second-run turpentine, which is not at all turpentine, or will sell you something which has a name resembling it. They are a useful article. There is nothing to be said against them with full information as to what they are.

Mr. JONES. A great deal of that product is sold as mineral oil, is it not?

Mr. VETCH. Absolutely; most of it is.

Mr. ASWELL. This is a late encroachment upon turpentine. There is a greater tendency now to adulterate.

Mr. VETCH. Yes.

Mr. ASWELL. This is a check on turpentine?

Mr. VETCH. Yes.

The CLERK (reading). Page 5, line 7, section 5, is as follows:

SEC. 5. That the following acts are hereby declared injurious to commerce in naval stores and are hereby prohibited and made unlawful.

"(a) The sale in commerce of any naval stores, or of anything offered as such, except under or by reference to United States standards."

Mr. KINCHELOE. That means if there is any medicine of any kind that has an ingredient of pure turpentine in it it shall not be designated as naval stores?

Mr. VETCH. It would not be.

Mr. CLARKE. It would not be anyway, because naval stores have been limited in the original definition.

The CLERK (reading):

"The sale of any naval stores under or by reference to United States standards which is other than what it is represented to be.

"(c) The use in commerce of the word 'turpentine' or the word 'rosin,' singly or with any other word or words, or of any compound, derivative, or imitation of either such word, or of any misleading word, or of any word, combination of words, letters or combination of letters, provided herein or by the Secretary of Agriculture to be used to designate naval stores or any kind or grade, in selling, offering for sale, advertising, or shipping anything other than naval stores of the United States standards.

"(d) The use in commerce of any false, misleading, or deceitful means or practice in the sale of naval stores or of anything offered as such.

"SEC. 6. That any person willfully violating any provision of section 5 of this act shall, on conviction, be punished for each offense by a fine not exceeding \$5,000, or by imprisonment for not exceeding one year, or both.

"SEC. 7. That the Secretary of Agriculture is hereby authorized to purchase from time to time in open market samples of spirits of turpentine and of anything offered for sale as such for the purpose of analysis, classification, or grading and of detecting any violation of this act. He shall report to the Department of Justice for appropriate action any violation of this act coming to his knowledge. He is also authorized to publish from time to time results of any analysis, classification, or grading of spirits of turpentine and of anything offered for sale as such made by him under any provision of this act.

"SEC. 8. That there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for the administration and enforcement of this act, and within the limits of such sums the Secretary of Agriculture is authorized to employ such persons and means and make such expenditures for printing, telegrams, telephones, books of reference, periodicals, furniture, stationery, office equipment, travel, and supplies, and all other expenses as shall be necessary in the District of Columbia and elsewhere."

Mr. KINCHELOE. Has your department any idea about how much money it will take to start the enforcement of this act? I am sure that will be asked on the floor.

Mr. VETCH. I do not know how this will grow, Mr. Chairman, but our judgment is that it will not take more than \$5,000 at first.

The CHAIRMAN. How much are you getting now?

Mr. VETCH. Right on this subject we are getting nothing, but for naval stores investigations we are getting \$10,000, and we estimate for this particular act \$5,000.

Mr. ASWELL. The fees will take care of that, will they not?

Mr. VETCH. There is a provision for a charge for the work, which will more than cover the expenses, but it was put in this way, "Return to the Treasury, miscellaneous expenses," because it was the impression that Congress preferred to have it handled that way.

Mr. KINCHELOE. Congress will not take that very seriously, that fees will reimburse the Government for the expense.

Mr. ASWELL. In some cases money for grain is returned to the Government.

Mr. KINCHELOE. In some cases.

You think it will cost more than \$5,000 to administer this law?

Mr. VETCH. I do not think it will cost more than that the first year, and I do not think it will cost more than \$10,000.

Mr. ASWELL. After making the appropriation the fees will pay for it, will they not?

Mr. VETCH. Yes, sir; I think they will.

The CHAIRMAN. There would be standardization, and then enforcement of the law.

Mr. VETCH. Yes, sir.

Mr. KINCHELOE. That would be done in connection with the enforcement of the food and drug act, would it not?

Mr. VETCH. The machinery that we have for the food and drug act can be utilized for this. This can be oriented with the food and drug act. We have a lot of facilities already.

Mr. KINCHELOE. For instance, the collection of samples, and such things as that.

Mr. VETCH. Yes; we have the laboratory equipment there now.

Mr. KINCHELOE. Your personnel is there?

Mr. VETCH. Yes.

Mr. JONES. I want to offer an amendment there, to save any question that may be raised with this blanket authority. On page 6, line 21, and after the word "necessary," insert "not to exceed \$10,000".

Mr. ASWELL. I do not think that there would be any objection except that it would throw it back in the Senate for conference.

Mr. JONES. Has it passed the Senate.

Mr. ASWELL. No, not yet.

Mr. JONES. I will withdraw it.

The CHAIRMAN. The amendment is withdrawn.

Mr. TINCHEL. You want to correct the spelling of the word "his" to "this."

Mr. ASWELL. I ask that that correction be made, Mr. Chairman. It is a typographical error. It ought to be "this" act instead of "his" act.

Mr. CLARKE. In section 6, the second line.

Mr. ASWELL. Put in the "t."

The CHAIRMAN. You want that done now? We would have to send it to conference. (Informal discussion.)

The CHAIRMAN. Without objection, it is so ordered.

The CLERK. Page 7, line 4, section 9, reads:

"That if any provisions of this act or the application thereof to any person or circumstances held invalid, the validity of the remainder of the act and of the application of such provision to other persons and circumstances shall not be affected thereby."

"SEC. 10. That this act shall become effective at the expiration of 90 days next after the date of its approval."

The CHAIRMAN. What is the pleasure of the committee?

Mr. ASWELL. I would request that it be reported out favorably.

The CHAIRMAN. Are you ready for the question? Those who are in favor of the motion will please say "aye". It is carried unanimously.

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**END OF
TITLE**